

# APPLICATION OF PEOPLE CAPABILITY MATURITY MODEL IN BUSINESS PROCESS OUTSOURCING ENTERPRISES- A STUDY WITH REFERENCE TO TAMIL NADU

**N. SUREGA**

*Assistant Professor, Department of Commerce, P. K. R. Arts College for Women,  
Gobichettipalayam, Tamil Nadu, India*

## ABSTRACT

*People Capability Maturity Model is an organizational change model helps in transforming an organization by steady improvement in workforce practices. Based on the current maturity of the workforce, it concentrates on continuously developing the management and increasing the employees who are considered as the human assets of an organization. PCMM consists of five maturity levels or stages, through which an organization's workforce practices and processes develop. It is designed focusing on the improved workforce practices will not survive unless the organization is willing to change its behavior to support the workforce. There are five maturity levels and each stage contains its own key practices to be executed. The study is being conducted in BPO's with Level 5 certification in Tamilnadu.*

**KEYWORDS:** PCMM, Maturity Level, BPO & Workforce

**Received:** Nov 27, 2018; **Accepted:** Dec 17, 2018; **Published:** Jan 05, 2019; **Paper Id.:** IJHRMRFEB20197

## INTRODUCTION

Carnegie Mellon University, Software Engineering Institute (SEI) developed the framework of PCMM. It helps in identifying the knowledge workers across global and between generations. This model helps in identifying the needs of the employees and their competencies. This process ensures whether an organization continuously improves and develops itself to compete with its business needs more effectively and efficiently. PCMM is a set of practices for developing the competencies of the workforce in an organization. These practices are well documented and it helps to retain, grow and nurture competent individuals. This model emerged in the middle of last decade. PCMM emerged from the concept of Capability Maturity Model (CMM). There are two versions in PCMM. PCMM-Version 1.0 and PCMM-Version 2.0.

It is an organizational change model, helps in transforming an organization by steady improvement in workforce practices. Based on the current maturity of the workforce, it concentrates on continuously developing the management and increasing the employees who are considered as the human assets of an organization. PCMM consists of five maturity levels or stages, through which an organization's workforce practices and processes develop. It is designed focusing on the improved workforce practices will not survive unless the organization is willing to change its behavior to support the workforce.

A new system of practices is overlaid at each maturity level, on those practices which were implemented at previous or earlier levels. Each stage or level raises the sophistication in successful practices which enables or

helps the organization to develop its workforce. It is a tool that enables to address the critical people issues that occur /takes place in the organization. It helps the organization to characteristic the workforce practices maturity against the practices followed in other organization. There are various standards in the process that can transform an organizations culture; there are no hard rules for implementing those practices.

The culture of an organization is reflected in the manner in which they share the values, behavior, and interactions among its members. The organizations' culture, practices, behavior, and attributes can be successfully guided through practices in PCMM. The practices followed in the organization are considered as the standards of the organization and fulfilling these standards helps in their continuous improvement and development. Seeing their promotional success, it tempts various other organizations to implement those staged frameworks, in their organization. Though the organization which implements PCMM in their organization for the first time seems to be too difficult to implement, the benefits success derived after implementing it is immaterial or more worthy.

Quality Assurance India (QAI) issues or grants certification to PCMM. It is given with the objective of initiating Human Resources in an organization. The Human Resource practices are evaluated as per QAI standards and if they qualify their expected standards, certification will be given to the organization or company.

The executives and managers, software and systems professionals intend People CMM for improving human resource professionals, workforce management practices, the managers who aspire for technical professionals and the members of Software Engineering Process Group who aims to accelerate the achievement of the higher maturity.

## **BENEFITS AFTER ADOPTION OF PCMM**

The benefits after the adoption of PCMM

- There is a reduction in employee turnover rate.
- Satisfaction level of the employees is more.
- Organizational Reputation is an increased rate.

The various maturity levels from Level 1 to Level 5, their focus area and their process area are depicted in the following table 1.

**Table 1: People Capability Maturity Level**

<b>Maturity Levels</b>	<b>Focus</b>	<b>Process Area</b>
Level 5: Optimizing	Continuously improve and align personal, workgroup and organizational capability.	Continuous Workforce Innovation. Organizational Performance Alignment. Continuous Capability Improvement.
Level 4: Predictable	Empower and integrate workforce competencies and manage performance quantitatively.	Mentoring. Organizational Capability Management. Quantitative Performance Management. Competency-Based Assets. Empowered Workgroups

		Competency Integration.
Level 3: Defined	Develop workforce competencies and workgroups and align with business strategy and objectives.	Participatory Culture Workgroup Development Competency-Based Practices. Career Development Competency Development. Workforce Planning. Competency Analysis.
Level 2: Managed	Managers take responsibility for managing and developing their people.	Compensation. Training and Development. Performance Management. Work Environment. Communication and Co- Ordination Staffing
Level 1: Initial	Workforce practices applied inconsistently.	-----

Source: <https://www.google.co.in/search>

## BUSINESS PROCESS OUTSOURCING

The word 'Outsourcing' is derived from two words 'Out' and 'Sourcing'. **Sourcing** refers to the act of transforming the work, responsibilities and decision rights to someone else. No organization is self-sufficient, nor does any organization have unlimited resources. Organizations must source work that can be conducted by others at lower cost and with greater effectiveness or it will waste valuable resources in the pursuit of capabilities that can be readily purchased from others. Sourcing is normally conducted with an external party which is external to the unit conducting the sourcing, hence the word 'out'. **Outsourcing** is the act of transferring the work to an external party.

Until the late 1980's, outsourcing was not formally recognized as a business strategy. During 1990's the organizations started to outsource those functions necessary to run a company, focusing on more cost-saving measures as another functional area to improve their finance. An organization can outsource work to another organization or person who is external to it.

### The Key Growth Drivers of Indian ITES-BPO can be Stated as Follows

- Abundant talent
- Sustained cost competitiveness
- Continued focus on quality
- World class information security environment
- Rapid growth in key business infrastructure
- Enabling business policy and regulatory environment

## REVIEW OF LITERATURE

**Juliet Mary M, and Ms. Anto<sup>1</sup>(2012)** in their study has found that there is very little information at the grass root level to comprehend Quality of Work Life, and very little research on QWL Life in relation to PCMM and hence the researcher has undergone this study. The questionnaire was completed by 230 respondents using judgmental sampling technique from PCMM implemented and Non implemented IT and ITES organizations.

**Bhuvaneswari. G,<sup>2</sup> (2011)** studies help in analyzing the effectiveness and importance of implementation of PCMM in software companies. The researcher has adopted “Descriptive Research” for her study and the data were collected using Survey method. Out of 1082 Software companies in Chennai, 11 software companies are PCMM level 5 certified companies. Hence these 11 companies were taken for the study. The sample framework is Human Resource Manager -108, Team Leader/Project Manager -4486 and Team members-726.

In the study conducted by **Saini and Rajbir,<sup>3</sup> (2009)** in their research has given an overall opinion with regard to the implementation of PCMM. They have highlighted the importance of PCMM technique and the advantages of PCMM. PCMM helps the organization in uplifting their career opportunities.

## OBJECTIVES OF THE STUDY

- To study the profile of the respondents and problems faced in the implementation of PCMM in the units selected for the study.
- To study the attitude of employees towards the execution of key practices of PCMM at various maturity levels.

## RESEARCH DESIGN

The researcher has adopted a descriptive research design based on primary data and secondary data. Descriptive research includes surveys and fact-finding enquiries of different kinds. The BPO's included for the study are HCL BPO, Sutherland BPO, Infosys BPO, TCS BPO, Cognizant BPO, Wipro BPO, and IBM BPO. Judgment sampling is used for the study and the sample size is 703.

## DESIGNATION OF THE RESPONDENTS

The quality of life is determined by an individual's designation and the incomes he derives from it. Designation of an individual also socialized him or her in a particular fashion which in turn reflects his or her pattern of behaviors and his/her level of understanding of the particular phenomenon. The person's response to a problem is possibly determined by the designation he/she is engaged in and hence variable designation was investigated by the researcher and data pertaining to designation is presented in Table 2.

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<sup>1</sup> Juliet Mary M, Ms. Anto “Quality of Work Life in relation to People Capability Maturity Model in IT and ITE's Organizations”, Christ University, 2012.

<sup>2</sup> Bhuvaneswari. G, “People Capability Maturity Model – A study among software companies in Chennai city”, Alagappa University, June 2011.

<sup>3</sup> Saini and Rajbir, Research on implementation of People Capability Maturity Model: An HR Intervention, 2009.

**Table 2: Designation of the Respondents**

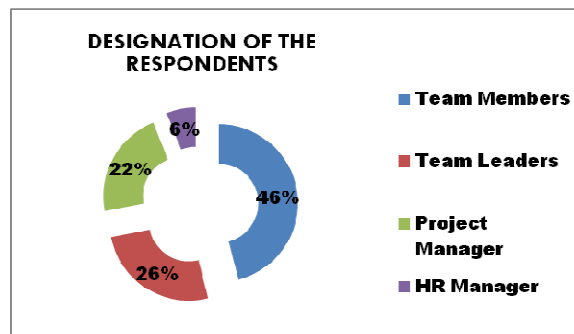
S. No	Designation	No. of Respondents	Percentage
1	Team Members	325	46
2	Team Leaders	182	26
3	Project Manager	154	22
4	HR Manager	42	6
	<b>Total</b>	<b>703</b>	<b>100</b>

Source: Primary data

### Interpretation

From Table 2, it is revealed that 46 per cent of the respondents of the sample is designated as Team members, 26 per cent of the respondents are designated as Team Leaders, and 22 per cent of the respondents are designated as Project Manager, whereas 6 per cent of the respondents are designated as HR Manager. This shows that team members are more in number for the study.

Table 2 is depicted in the following Figure 2.



**Figure 2: Respondents Opinion on the Need for Increasing the Capability of Workforce**

Work-force capability can be defined as the level of knowledge, skills, and process abilities available for performing an organization's business activities. Work-force capability indicates an organization's readiness for performing its critical business activities, its likely results from performing these business activities, and its potential for benefiting from investments in process improvement or advanced technology. The People CMM's primary goal is to guide organizations in improving the capability of the workforce.

**Table 3: Need for Increasing the Capability of Workforce**

S. No	Need for Increasing the Capability of Workforce	No. of Respondents	Percentage
1	To meet the growing demands faced with talent shortage	309	44
2	To accelerate the change in technology	274	39
3	To increase the reliability in life-critical and business critical application	120	17
	<b>Total</b>	<b>703</b>	<b>100</b>

Source: Primary data

### Interpretation

It is clear from the above Table 3 that, 44 per cent of the respondents opines that increasing the capability of workforce is needed to meet the growing demands faced with talent shortage, 39 per cent of them opines that they need to

accelerate the change in technology and 17 per cent of them opines that they need to increase the reliability in life-critical and business critical application. As a matter of good practice, organizations should be following a planning process that enables them to examine their needs and risks and establish the most appropriate response to these. Improving an organization's capability is supported by workforce strategies based on a thorough assessment of workforce needs and risks and well-considered options for addressing those needs and risks. This enables organizations to invest resources more effectively by designing targeted initiatives.

The researcher has analyzed the employee's perception on the execution of key practices of PCMM in Level 2 and Level 3. The relationship between the execution of various key practices of PCMM level 2 and level 3 key process areas with that of the various factors of organizational climate are analyzed. For this purpose one way, ANOVA test has been used to test the individual goals with that of organizational climate. Cross tabulation between the level of execution and organizational climate are made and chi-square test was used to find the relationship between those two factors and the results are given.

Respondent's opinion regarding the execution of key practices of PCMM Level 2 Key Process Areas based on the reason for implementing PCMM and need for increasing the capability of workforce.

**Null Hypothesis:** There is no significant difference between the execution of the key practice of PCMM Level 2 Key process areas based on the reason for implementing PCMM at 5% level of significance.

**Null Hypothesis:** There is no significant difference between the execution of key practice of PCMM Level 2 Key process areas based on the need for increasing the capability of the workforce at 5% level of significance.

**Table 4: Respondent's Opinion Regarding the Execution of Key Practices of PCMM Level 2 Key Process Areas Based on the Reason for Implementing PCMM and Need for Increasing the Capability of the Workforce**

	Managed – Factors	Reasons for Implementing PCMM			Increasing Capability of Workforce		
I	Staffing	F	Sig	Remarks	F	Sig	Remarks
	Committed work	1.067	.363	Not significant	6.827	.001	Significant
	Plan and co-ordinate in accordance with documented policies & procedures	14.007	.000	Significant	1.363	.256	Not Significant
	Determine the efforts & skills required	20.084	.000	Significant	23.137	.000	Significant
	External recruiting are planned and co-ordinated with unit requirement	54.830	.000	Significant	13.779	.000	Significant
	Recruit qualified individuals for open positions	13.688	.000	Significant	1.463	.232	Not Significant
	Appropriate selection process & criteria are defined for each positions	80.365	.000	Significant	2.504	.082	Not Significant
	Selection process in conjunction with human resources functions	11.423	.000	Significant	.948	.388	Not Significant
	Offering positions to the candidates whose skills & qualification best fit	79.073	.000	Significant	5.979	.003	Significant

	Individual work assignments are managed to balance committed work	42.644	.000	Significant	15.102	.000	Significant
	Workforce reduction and other outplacements activities are done	28.920	.000	Significant	5.577	.004	Significant
	Discharge for unsatisfactory performance of the employees	14.213	.000	Significant	21.638	.000	Significant
	Identify the causes of voluntary resignation	42.195	.000	Significant	23.719	.000	Significant
<b>II</b>	<b>Communication &amp; Co-Ordination</b>						
	Periodic communication of organizational values, events & conditions	7.045	.000	Significant	5.911	.003	Significant
	Communication of work-force related policies & practices to workforce	7.151	.000	Significant	.106	.900	Not Significant
	Timely communication of information required for performing committed work	8.046	.000	Significant	5.713	.003	Significant
	Ability of individuals or groups to raise concerns	18.380	.000	Significant	8.535	.000	Significant
	Periodic individuals opinion are sought	7.586	.000	Significant	6.947	.001	Significant
	Activities related to the resolution of a concern are tracked	10.737	.000	Significant	1.623	.198	Not Significant
	Establish and maintain effective working relationship within workgroups	32.691	.000	Significant	35.784	.000	Significant
	Handling of interpersonal problems/ conflicts	.537	.657	Not Significant	16.738	.000	Significant
	Monitor & co-ordinate the dependencies involved in their committed work	33.541	.000	Significant	13.110	.000	Significant
<b>III</b>	<b>Work Environment</b>						
	Identifying the resources required	22.081	.000	Significant	6.977	.001	Significant
	Physical environment to perform assigned work	23.534	.000	Significant	.646	.524	Not Significant
	Environmental factors	16.861	.000	Significant	7.341	.001	Significant
	Physical factors	29.324	.000	Significant	26.835	.000	Significant
	Sources of frequent interruption/distraction	6.447	.000	Significant	4.917	.008	Significant
<b>IV</b>	<b>Performance Management</b>						
	Periodic review on individuals performance objectives	1.985	.115	Not Significant	4.259	.015	Significant
	Identify the potential improvements in process, tools or resources	10.153	.000	Significant	8.992	.000	Significant
	Documentation of individuals accomplishments	4.445	.004	Significant	4.976	.007	Significant

	Discussing the performance problems with individuals	44.810	.000	Significant	11.835	.000	Significant
	Developing performance improvement plans	1.308	.271	Not Significant	28.541	.000	Significant
	Framing guidelines for recognizing performance	20.759	.000	Significant	16.065	.000	Significant
<b>V</b>	<b>Training &amp; Development</b>						
	Identifying the critical skills required for performance	13.508	.000	Significant	7.281	.001	Significant
	Timely training needed to perform their assigned tasks	12.172	.000	Significant	.236	.789	Not Significant
	Capacity to perform assignment	57.695	.000	Significant	4.403	.013	Significant
	Relevant development opportunities are made available	14.345	.000	Significant	2.479	.085	Not Significant
	Accomplishing individuals development objectives	8.983	.000	Significant	23.705	.000	Significant
	Capability for potential assignments	12.925	.000	Significant	25.255	.000	Significant
<b>VI</b>	<b>Compensation</b>						
	Compensation strategies and activities are planned, executed and communicated	24.578	.000	Significant	12.701	.000	Significant
	Compensation is equitable relative to skill, qualification & performance	4.822	.002	Significant	16.510	.000	Significant
	Adjustments in compensation are made based on defined criteria	15.823	.000	Significant	.979	.376	Not Significant

## INFERENCE

The ANOVA test is applied to test the significant difference between the respondent's opinion regarding the execution of key practices of PCMM Level 2 Key Process Areas based on the reason for implementing PCMM. There is a significant difference exists among the majority of the key process areas, since the obtained value is less than 0.05 and hence the hypotheses are accepted. There is no significant difference among the key process areas such as committed work, Handling of interpersonal problems/ conflicts, Periodic review on individuals performance objectives and Developing performance improvement plans, since the obtained vales are more than 0.05 and hence the hypotheses are rejected.

The ANOVA test is applied to test the significant difference between the respondents opinion regarding execution of key practices of PCMM Level 2 Key process areas based on the need for increasing the capability of workforce There is a significant difference exists among majority of the key process areas, since the obtained value is less than 0.05 and hence the hypotheses are accepted. There is no significant difference in the key process areas such as Plan and co-ordinate in accordance with documented policies & procedures, Recruit qualified individuals for open positions, Appropriate selection process & criteria are defined for each position, Selection process in conjunction with human resources functions, Communication of work-force related policies & practices to workforce, Activities related to the resolution of a concern are tracked, Physical environment to perform assigned work, Timely training needed to perform their assigned tasks, Relevant development opportunities are made available and Adjustments in compensation are made based on defined criteria, since the obtained vales is more than 0.05 and hence the hypotheses are rejected.



## LEVEL OF EXECUTION OF LEVEL 2 KEY PRACTICES AND THE PROBLEMS IN SHORTAGE OF TALENTS

**Null Hypothesis:** There is no significant difference between the level of execution of level 2 key practices and the problems in a shortage of talents at 5% level of significance.

**Table 5: Cross Tabulation between the Level of Execution and the Problems in a Shortage of Talents**

		Problems in Shortage of Talents							Total
		High Turnover	Loss of Knowledge	Escalating Salaries	Staffing Shortfalls	Unfinished Work	Service Cost	Increased Work Load	
Level of Execution	High	28	25	0	28	0	26	25	132
	Medium	123	67	54	20	72	44	105	485
	Low	2	14	0	0	42	28	0	86
<b>Total</b>		<b>153</b>	<b>106</b>	<b>54</b>	<b>48</b>	<b>114</b>	<b>98</b>	<b>130</b>	<b>703</b>

Source: Primary data

Chi square value: 224.773

Since the calculated value is more than the table value the hypothesis is rejected. Hence it is concluded that there is a significant difference between the level of execution of level 2 key practices and the problems in a shortage of talents.

## LEVEL OF EXECUTION OF LEVEL 2 KEY PRACTICES AND THE REASON FOR CONDUCTING PCMM ASSESSMENT

**Null Hypothesis:** There is no significant difference between the level of execution of level 2 key practices and the reason for conducting PCMM assessment at 5% level of significance.

**Table 6: Cross Tabulation between the Level of Execution and the Reason for Conducting PCMM Assessment**

		Reason for PCMM Assessment						Total
		Est. Baseline	Change in Ownership	Sustain Higher Levels	Competent Replacement	Retention of Knowledge	Sustaining org Performance	
Level of Execution	High	38	15	12	13	26	28	132
	Medium	72	26	141	70	102	74	485
	Low	28	19	0	25	14	0	86
<b>Total</b>		<b>138</b>	<b>60</b>	<b>153</b>	<b>108</b>	<b>142</b>	<b>102</b>	<b>703</b>

Source: Primary data

Chi square value: 115.456

Since the calculated value is more than the table value the hypothesis is rejected. Hence it is concluded that there is a significant difference between the level of execution of level 2 key practices and the reason for conducting PCMM assessment.

## LIMITATION OF THE STUDY

- Lack of cooperation from a few BPO organizations' management in allowing for the data collection.
- Inability to meet all the respondents personally and respondent's inability to answer the questions considering all the viewpoints.

## SUGGESTIONS FOR FUTURE RESEARCH

People Capability Maturity Model attracts the attention of researchers in various fields. Researches in the near future can be attempted to study the following:

- PCMM –a study among software companies in Tamilnadu
- Implementation of PCMM in Non-IT sectors
- A comparative study between PCMM and Non-PCMM BPO Enterprises

## CONCLUSIONS

Recruiting talents with technical skills are alone not enough to sustain in this highly competitive global business. In addition to their individual technical competencies, employees or workers should have an analytical decision-making skills in business that are not only technically sound but it should be also consistent with the visions of their organization. This leads to the maturity of the internal process of the organization. For this, the concept of People Capability Maturity Model plays a pivotal role. It also enables the BPO's center to attract more financial contract from other developing countries. Satisfying their requirements enable the BPO to earn goodwill and an increase in the financial level of the organization and also deriving the individual satisfaction of the workers or employees.

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